

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**CORRECTED  
FISCAL NOTE**

**HB 1691 - SB 1372**

April 6, 2011

**SUMMARY OF BILL:** Restricts, beginning November 6, 2012, the expense allowance for Members of the General Assembly to the amount established on September 30, 2010, and the mileage allowance to the amount established on November 2, 2010.

**ESTIMATED FISCAL IMPACT:**

On March 28, 2011, a fiscal note was issued estimating a fiscal impact as follows:

*Decrease State Expenditures - \$136,600*

*Due to an oversight, the effective date of the restriction on expense allowances was misinterpreted and this impact was in error. Based on additional review, the estimated impact is:*

**(CORRECTED)**

**Decrease State Expenditures –\$90,100/FY12-13  
\$136,600/FY13-14 and Subsequent Years**

**Assumptions:**

- Members of the General Assembly currently receive per diem of \$176 and mileage reimbursement of \$126.96 (\$0.46 x 276 miles).
- Per diem is set by the Federal General Services Administration. Per diem has increased an average of four percent annually since 1999, with the exception of 2010 when it decreased from \$185 to \$176 on October 1, 2010. If the rate increases by the average four percent, the per diem will be \$183 on October 1, 2011, and \$190 on October 1, 2012.
- On November 6, 2012, the per diem rate of \$190 will revert to the September 30, 2010, rate of \$185 resulting in a reduction of per diem payments of 2.7 percent. The total per diem payment for 2012 is estimated to be \$3,214,842. If reduced by 2.7 percent, the decrease in state expenditures will be \$86,801.

**HB 1691 - SB 1372 (CORRECTED)**

- Mileage has increased an average of eight percent every two to three years over the past ten years. The mileage rate on November 2, 2010, was \$0.46. If the rate increases by the average eight percent over the two-year period, it will be \$0.50 on November 2, 2012. On November 6, 2012, the mileage rate will revert from \$0.50 to \$0.46 resulting in a reduction in mileage payments by eight percent. The total mileage payment for 2012 is estimated to be \$622,225. If reduced by eight percent, the decrease in state expenditures will be \$49,778.
- The recurring decrease in state expenditures beginning in FY13-14 is \$136,579 (\$86,801 + \$49,778). The restriction on expense allowances begins November 6, 2012, resulting in a decrease in state expenditures for FY12-13 of \$91,053.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/lsc